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TRANSMITTAL SLIP		DATE 10/19/83
TO: DDA		
ROOM NO. 7D24	BUILDING HQS.	
REMARKS:		
FROM: D/Finance		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 241
1 FEB 66

REPLACES FORM 36-8
WHICH MAY BE USED

(47)

FORM NO. 241 REPLACES FORM 36-8 (47)
1 FEB 68
UNCLASSIFIED MAY BE USED

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DD/A Registry
83-4406/2

19 October 1983

ADPP 238-83

MEMORANDUM FOR: [REDACTED]

Legislation Division, OLL

DD/A REGISTRY

STAT

FILE: 100-13

VIA: Deputy Director for Administration

FROM: Allen R. Elkins
Director of FinanceSUBJECT: HR 3790 and HR 3800 Legislation to Limit/Eliminate COLA
Adjustments Under CIARDS and Civil Service Retirement

1. The Economic Recovery Tax Act of 1981 was designed to offset automatic future increases in the proportion of income paid in income tax as a result of the interaction of inflation and the fixed dollar amounts of tax schedules. Tax rate reductions were provided in an across-the-board manner to ensure that all taxpayers shared the relief in direct proportion to what their tax liability would have been had the Tax Act not been implemented.

2. Both recently introduced bills, HR 3790 and HR 3800, would single out government retirement programs as being the prime target for cost saving legislation. Such intent obviously is very narrowly focused and flies in the face of the 1981 Tax Act. The proposed limitation on tax indexing and COLA increases ignore the unlikelihood of having years with less than a two percent increase in the CPI and employee benefits will be eroded by this percentage for each year of retirement during the period of limitation. In sum, passage of the proposed legislation will subject government retirees to suffer the income loss that the 1981 Tax Act was designed to prevent.

3. Your opposition to both of these proposals is strongly recommended.

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Allen R. Elkins